

POLICY | LABOR



SCOTT MCINTYRE FOR THE NEW YORK TIMES
Federal Reserve officials are closely watching hiring and wages in their campaign against high inflation.

Wages Showed Moderation At Year's End, Report Says

By JEANNA SMIALEK

A measure of pay and benefits that the Federal Reserve has been watching closely amid a strong labor market rose less than expected at the end of 2022, fresh data showed Tuesday.

The Employment Cost Index climbed 1 percent in the final quarter of 2022 versus the prior three months, more slowly than the 1.1 percent that economists expected and a slowdown from the previous 1.2 percent reading.

The data will probably reaffirm to central bankers that the economy and labor market are cooling, which could help inflation return to normal over time. While wage gains are still faster than normal, the moderation could help central bankers feel comfortable as they adjust interest rates less aggressively than they did throughout 2022.

The employment cost measure picked up by 5.1 percent on a yearly basis, close to the 5 percent reading in the previous quarter's report. In the decade leading up to the pandemic, the index averaged 2.2 percent yearly gains, underscoring the continued rapidness of today's pace. But a measure of private-sector wages not including benefits, which economists see as a particularly good indicator of labor market tightness, slowed slightly.

Fed officials are closely watching the labor market — and wages in particular — as they try to gauge how much further they have to go in their campaign against stubbornly high inflation. While goods price increases that are tied to supply chain snarls are beginning to fade, central bankers are worried that rapid pay gains could keep services costs rising rapidly. Labor is a big expense for service companies, like hotels and

Cool-down signals could influence a rate increase by the Fed.

restaurants, and firms might pass higher wage costs on to customers in the form of higher prices. Bigger paychecks could also help sustain consumer demand, keeping pressure on prices.

The Fed's next interest-rate decision will be announced on Wednesday. Central bankers are widely expected to raise rates by a quarter of a percentage point, after raising them by three-quarters of a point per meeting for much of 2022 and by half a point at their last gathering, in December.

The new adjustment would push rates up to a range of 4.5 to 4.75 percent. The question now is how many more moves the Fed will make — and how long policymakers will hold interest rates at a high level.

Steeper borrowing costs deter consumers from making big purchases and businesses from expanding, which can slow the economy and weaken the labor market. Fed officials are hoping that they can cool the economy by just enough to allow supply and demand to come back into balance — causing inflation to moderate — without causing a punishing recession. But they have been clear that they are willing to accept some pain to bring price increases back under control.

And they have underlined that they think the labor market needs to slow down to put inflation on a more sustainable path.

"We want strong wage increases," Jerome H. Powell, the Fed chair, said at his last news conference in December. "We just want them to be at a level that's consistent with 2 percent inflation," he said, referring to the Fed's target inflation rate.

For now, America's rate of price increases remains much faster, at 5 percent. Mr. Powell will give another news conference on Wednesday, after the release of the Fed's rate decision at 2 p.m. Eastern time.

Republicans Want Spending Cuts but Are Short on Specifics

FROM FIRST BUSINESS PAGE

him about when House Republicans plan to release their budget.

"It is essential that Speaker McCarthy likewise commit to releasing a budget, so that the American people can see how House Republicans plan to reduce the deficit," Brian Deese, the director of the White House's National Economic Council, and Shalanda Young, the director of the White House budget office, wrote in a memo released on Tuesday.

Ahead of the meeting, the three primary negotiators who have to broker a deal jostled from afar.

At a fund-raiser in New York on Tuesday, Mr. Biden called Mr. McCarthy a "decent man" but lamented that he had to cater to the hard-liners in the Republican Party to become speaker by offering "off the wall" concessions.

"Look, this is not your father's Republican Party," Mr. Biden said. "No, I mean it, this is a different breed of cat."

Separately on Tuesday, Mr. McCarthy accused Mr. Biden of being irresponsible by suggesting that he was unwilling to seek common ground over the debt ceiling and said that the White House's refusal to bargain was "childish."

"Why would you put the economics of America in jeopardy?" Mr. McCarthy said to reporters. "Why would you play political games? I'm not."

Speaker Kevin McCarthy, Republican of Kentucky and the minority leader, said on Tuesday that he would defer to Mr. McCarthy given that Republicans hold a majority in the House while Democrats control the Senate. He also noted that during a similar debt standoff in 2011, he ultimately cut a deal with Mr. Biden, then the vice president, that averted a default by imposing spending cuts. Mr. Biden is resisting such an approach today.

"It is not unprecedented to have a discussion about spending in connection with the debt ceiling," Mr. McConnell said. "The president knows full well since he was my negotiating partner years ago that this has been done before."

He added, "I think the deal has to be cut obviously between the House majority and the Democratic president in order to have a chance to survive over here."

Reaching a deal will not be easy. The White House has said it will not negotiate over raising the debt limit, and Republicans have been struggling to find agreement among themselves over how to cut spending. Deficit reduction pledges are poised to collide with the reality that austerity measures tend to be unpleasant.

"The public doesn't like debt and deficits, but it doesn't like spending cuts or tax increases, either," said William G. Gale, a senior fellow at the Brookings Institution and the author of "Fiscal Therapy: Curing America's Debt Addiction and Investing in the Future." "Against that backdrop, why would any politician fall on his sword to cut spending or raise taxes?"

"I hope the president meets his deadline, just like we're going to work to meet our deadline," Mr. Scalise said at a news conference.

The contours of that budget are starting to take shape, but differences within the Republican Party will not be easy to bridge.

Representative Chip Roy, a Texas Republican who initially withheld support from Mr. McCarthy in his run for House speaker, said Mr. McCarthy had committed to enacting the biggest discretionary spending cuts in history for the upcoming fiscal year. He said that a \$130 billion reduction could be accomplished without cuts to military spending, Social



KENNY HOLSTON/THE NEW YORK TIMES
Speaker Kevin McCarthy called President Biden "childish" for refusing to bargain over the debt ceiling. "Why would you play political games?" he asked.

eas off the table, spending on the remaining "discretionary" items would need to be slashed by 85 percent.

For months before the midterm elections in November, Mr. Biden warned voters that if Republicans won control of Congress, they would seek to slash funding for social safety net programs, threatening Social Security and Medicare. That has left Republicans on the defensive since taking control of the House this year, because making a dent in future deficits is practically impossible without touching those programs.

Many Republicans are mindful that they are facing something of a political live wire. Former President Donald J. Trump warned Republicans this month to steer clear of the retirement programs during the debt ceiling negotiations. "Under no circumstances should Republicans vote to cut a single penny from Medicare or Social Security," he said in a video message.

Despite vague proposals to restructure the safety net programs, most Republicans insist that they merely want to cut waste from the programs to preserve them long term.

The White House and Republicans are expected to unveil detailed budget proposals over the next two months that will formally lay out spending priorities. The Biden administration's budget will be released on March 9. Representative Steve Scalise of Louisiana, the majority leader, suggested on Tuesday that House Republicans would submit a budget thereon.

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Security or Medicare. Instead, he said on Twitter, money that goes to "woke & weaponized bureaucrats" would be scaled back.

But other influential Republicans contend that big changes to so-called entitlement programs must be considered.

Representative Matt Gaetz, Republican of Florida, said on Fox News last week that he was disappointed that some of his colleagues had given up on overhauling safety net programs such as

A renewed focus on fiscal restraint poses its own political risks.

Medicaid and the Supplemental Nutrition Assistance Program, which provides food stamps. He called for changes that would make fewer people eligible to receive the benefits.

"If we impose work requirements on SNAP and on Medicaid expansion for able-bodied adults, we would have the ability to save \$1 trillion during the 10-year budget window," Mr. Gaetz said.

Some Republicans, such as Senator Rand Paul of Kentucky and Representative Nancy Mace of South Carolina, have been calling

for "penny plans" that would cut total spending across the board by a percentage to balance the budget in as little as five years.

Russell Vought, who was Mr. Trump's director of the Office of Management and Budget, has produced the most detailed budget proposal thus far. He has been talking with House Republicans

since late last year about how to balance the budget without cutting Social Security and Medicare.

The plan includes a \$22 billion cut to the Department of Health and Human Services that would gut funding for the Centers for Disease Control and Prevention and chop \$26 billion from the Department of Housing and Urban Development, including a phase-out of Section 8 grants that Mr. Vought says are "a magnet for crime and decreased property values." It would also freeze Medicaid, eliminate the Affordable Care Act's coverage expansions and reduce disability benefits for veterans.

To help balance the budget over a decade, Mr. Vought's budget projects that the economy will achieve 3.1 percent growth next year and average about 2.8 percent for the remaining years. Those forecasts are far more optimistic than those of the International Monetary Fund, which projected this week that the U.S.

economy would grow by a tepid 1.4 percent this year and 1 percent in 2024.

Mr. Vought acknowledged that it was unfortunate that more was not done to curtail spending during the Trump era, when Republicans and Democrats lifted the debt ceiling three times.

"I do wish we could have had other things attached to the debt ceiling increases," Mr. Vought said. "The new House Republican majority was put into office to deal with these economic problems."

Mr. Biden and his aides have increasingly called for House Republicans to make their debt limit demands clear, as proposals that would reduce funding for poor people and veterans could prove to be a political gift for the president.

However, the White House has held firm that Mr. Biden does not intend to cut a deal to raise the debt limit and warned that Republicans were being reckless by threatening the full faith and credit of the United States.

"Raising the debt ceiling is not a negotiation," Mr. Deese and Ms. Young wrote in their memo on Tuesday. "It is an obligation of this country and its leaders to avoid economic chaos."

Catie Edmondson, Jim Tankersley and Carl Hulse contributed reporting.

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: TRICIDA, INC.¹ Chapter 11 Case No. 23-10024 (JTD)

Docket Nos. 21-8100, 22-3451

NOTICE OF HEARING TO CONSIDER (I) ADEQUACY OF THE SECOND AMENDED DISCLOSURE STATEMENT AND (II) CONFIRMATION OF THE THIRD AMENDED JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND RELATED VOTING AND OBJECTION DEADLINES

PLEASE TAKE NOTICE THAT on January 13, 2023, the United States Bankruptcy Court for the Southern District of New York ("the Court") entered its Order dated January 13, 2023 (the "Order") amending the Second Amended Disclosure Statement ("the 'Disclosure Statement") filed by the Debtor in the Third Amended Joint Plan of Voyager Digital Holdings, Inc. and its Debtor Affiliates pursuant to Chapter 11 of the Bankruptcy Code (Docket No. 20-1063) (as modified, amended, or supplemented from time to time, the "Disclosure Statement"), for the purposes of solicitation (b) authorized the Debtors to solicit votes with respect to the acceptance or rejection of the Disclosure Statement, (c) authorized, amended, or supplemented from time to time, the Disclosure Statement, (d) conditioned upon the acceptance or rejection of the Disclosure Statement, (e) for the purpose of soliciting votes with respect to the Disclosure Statement, (f) for the purpose of soliciting votes with respect to the Disclosure 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